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Stay connected with CalHFA and receive product and program updates as they occur. Please register your email address at our web site: www.calhfa.ca.gov.

CalHFA Housing Matters is produced quarterly with the goal to provide stakeholders, customers, and clients with updates on affordable housing issues and highlights of CalHFA programs. Comments or suggestions can be directed to 800.789.2432, or email marketing@calhfa.ca.gov. Additional information on the full complement of CalHFA programs and newsletters are available at www.calhfa.ca.gov.

Governor Gray Davis

Theresa A. Parker - Executive Director
Clark W. Wallace - CalHFA Board Chair

Contributors: Linn Warren, Nancy Abreu, Jerry Smart, Ken Williams, Di Richardson
Editors: Ken Giebel, Evan Gerberding, Sandy Sarber



About this time every year, Americans across the country are readying to celebrate our independence by participating in traditional family gatherings, BBQs, and other social events. And, of course Californians are no exception. CalHFA is happy to continue its 27-year tradition of providing affordable housing solutions to thousands of Californians and help them achieve their ultimate goal of homeownership and financial independence.

Since we last spoke with you in our Spring edition of CalHFA Housing Matters, we've focused on identifying opportunities to distribute the approved bond funds from Proposition 46—the Housing and Emergency Shelter Trust Act of 2002. The availability of these funds couldn't come at a better time to provide much-needed housing support to Californians, as other resources have declined due to the budget crisis. CalHFA is working in conjunction with our sister department, the Department of Housing and Community Development, to maximize our mutual talents and resources in administering the bond funds across our various divisions.

On the Homeownership side, we've allocated funds to a number of key programs, including the California Homebuyer's Downpayment Assistance Program, the School Facility Fee Down Payment Assistance Program, and the Extra Credit Teacher Home Purchase Assistance Program. The Multifamily Division has a \$45 million allocation that is being used in conjunction with the Agency's Preservation Acquisition Program, which is described further in this newsletter. And, the Mortgage Insurance Services Division will be using their \$85 million allocation to expand homeownership opportunities for first-time homebuyers by providing high-coverage mortgage insurance to hard-to-qualify borrowers.

We at CalHFA are excited about the progress we are making to address the needs of renters and first-time homebuyers in California. With the support and participation of our industry partners like you, we can continue to meet the challenges before us and create more affordable housing opportunities for individuals and families in need.


Executive Director

Legislative Update-

CalHFA Sponsored Bill Advances

CalHFA is the sponsor of Senate Bill 353, which was recently passed by the Senate and is currently pending approval in the Assembly.

The measure, authored by Senate Housing and Community Development Chairwoman Denise Moreno Ducheny, would allow the Agency to subordinate to local or federal affordability and regulatory restrictions, and would clarify the Agency's ability to make loans secured by assets other than real property.

SB 353 was introduced to enhance the Agency's ability to expand its multifamily lending programs, thereby benefiting locally financed and expiring federally assisted projects with CalHFA's long term, fixed rate financing. It is also intended to ensure that CalHFA has the flexibility to create loan programs for which there are no viable existing commercial alternatives, or that are more cost-effective than current market alternatives.

We encourage your support of this bill. Letters should be addressed to Senator Denise Moreno Ducheny, State Capitol, Room 2062, Sacramento, California 94248-0001. Copies of this bill and others may be viewed online at www.leginfo.ca.gov.

Put Your Homebuyers Ahead

If you're looking for innovative ways to help low-income first-time homebuyers obtain financing assistance, then look into CalHFA's Affordable Housing Partnership Program (AHPP). This program is a joint effort between CalHFA and nearly 200 cities, counties, redevelopment agencies, housing authorities and nonprofit housing organizations throughout California. The program offers a CalHFA below market 30-year fixed rate loan—0.25% below CalHFA's standard pricing, as low as four percent in high-cost areas—to eligible homebuyers who also obtain direct financial assistance for down payments and/or closing costs from a participating local government agency or nonprofit.

This program offers significant financial benefits to qualified borrowers and has helped many of

them achieve homeownership already. For Fiscal Year 2002, the Affordable Housing Partnership Program provided 709 first mortgage loans totaling \$70 million, with locality subordinate loans totaling \$12.7 million. As our partner in affordable housing, we encourage you to evaluate the merits of this program for your clients. For a list of approved affordable housing partners and their respective programs, visit our website at www.calhfa.ca.gov/homeownership/downpayment/ahpp.htm.



Proposition 46 - Preservation Acquisition Program

As mentioned in the Executive Director's letter, the Multifamily Division has received \$45 million of the Prop. 46 funds for its Preservation Acquisition Program. This program will provide very low interest rate loans—covering up to 100% of the acquisition costs—to preserve assisted projects at risk of losing their affordability status. The availability of these funds will help to address the issue of tenant displacement when affordable multifamily developments convert to market rate rental projects. CalHFA's goal is to preserve

eight to 12 projects, representing approximately 1,000 rental units and 2,500 residents, in the first year. Applications are now being accepted from qualifying nonprofits, for-profits, and public agency sponsors for existing multifamily developments. The first project to receive funding under this program—Plaza de las Flores, Sunnyvale-Santa Clara County—was approved by the CalHFA Board of Directors on May 15, 2003. To learn more about this opportunity and the program specifics, please visit our web site at www.calhfa.ca.gov.



to 1200 square feet of living space. The proposal also includes a community center, three tot lots, a basketball court, several barbeque areas, and an onsite after-school program. The Oak Court Apartments—located in the Professorville Historic District—will include 53 newly constructed units in two-and three-story buildings, along with a restored historic boarding

house to be used as a community room. Other elements of the plan include a computer learning center, laundry facilities, play area, and tot lot.

To learn more about CalHFA's Construction Finance Program, visit our web site at www.calhfa.ca.gov, or contact the Multifamily Financing Division at 800.736.2432.

Construction Loan Program

Sponsors in need of construction financing for new rental projects should become familiar with CalHFA's Construction Loan Program. The program provides construction loans to developments that are also approved for CalHFA permanent financing. The source of funds offered can either be taxable or tax-exempt, depending upon the needs of the development. The program

will employ a variable rate loan structure to take advantage of today's low interest rates.

CalHFA's Board of Directors recently approved two projects for financing under this program: Villa Madera Family Housing in Oxnard, and Oak Court Apartments, located in Palo Alto. When completed, the Villa Madera site will consist of 59 townhomes and 13 garden-style apartments ranging in size from two to four bedrooms consisting of 870



Why is Mortgage Insurance Important?

Since 1988, CalHFA's Mortgage Insurance Services Division has been providing high-coverage, low-cost mortgage insurance to affordable housing programs throughout California. Mortgage insurance helps attract investors who would otherwise consider affordable housing program loans too much of an investment risk. CalHFA coverage provides a credit enhancement to these loans by insuring investors against loss from borrower default. Without CalHFA's mortgage insurance coverage, many affordable loan programs for low-to-moderate income and hard-to-qualify borrowers would not exist. Since its inception, CalHFA has insured over 25,000 loans to homebuyers who need help in financing a home. Currently, CalHFA insures \$1.3 billion in loans outstanding.

Initially, CalHFA provided mortgage insurance for loans purchased through its Homeownership Division. CalHFA expanded its mortgage insurance capabilities to loan programs offered through other major investors such as the government sponsored enterprises (GSE's) like Fannie Mae and Freddie Mac, as well as state and local government agencies and nonprofit affordable housing finance providers that meet CalHFA's criteria. There are over a dozen programs insured by CalHFA today, including the GSE's community affordable programs, CalPERS, CalSTRS, Cal Rural, in addition to the agency's own programs. As a result, CalHFA Mortgage Insurance Services is able to leverage the amount of affordable housing finance available to low-to-moderate income

homebuyers and those in California's highest housing cost areas throughout the State.

With the passage of Proposition 46, CalHFA's Mortgage Insurance Services Division received an \$85 million allocation to support its programs. The staff is currently working with industry partners to develop programs to best leverage the funds to meet the escalating housing needs of Californians. Look for announcements of new programs in future issues of this newsletter, or visit our web site at www.calhfa.ca.gov for a complete list of Mortgage Insurance Services Programs



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California Housing Finance Agency
1121 L Street, Seventh Floor
Sacramento, CA 95814-3974



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